

Idaho Legislative Audits
P.O. Box 83720
Boise, ID 83720-0054
208-334-2475



Idaho Department of Labor

Management Report on Financial Procedures

Issued: June 22, 2004
Fiscal Year: 2001, 2002, and 2003



EXECUTIVE SUMMARY LEGISLATIVE AUDITS

IDAHO DEPARTMENT OF LABOR

PURPOSE AND SCOPE. We have completed certain financial audit procedures on the Idaho Department of Labor's financial activities that occurred during the fiscal years ended June 30, 2001, 2002, and 2003. These procedures, together with procedures performed at other State agencies, allow us to express our opinion on the statewide basic financial statements prepared by the State Controller's Office. Since major federal programs were present, appropriate procedures and required tests were made in order to issue the federally required Single Audit.

CONCLUSION. Based on the limited procedures applied, we conclude that the financial operations of the Department meet acceptable standards. Further, the Department substantially complies with laws, regulations, rules, grants, and contracts for which we tested compliance. Although the report contains no findings and recommendations, we made several suggestions to improve internal control, ensure compliance, and improve efficiency.

FINDINGS AND RECOMMENDATIONS. There are no findings and recommendations in this report.

PRIOR FINDINGS AND RECOMMENDATIONS. Prior reports for fiscal years 1998 and 2000 contained one finding and recommendation each. Both findings and recommendations are closed, as explained below:

The fiscal year 1998 finding was about the Department's internal records not supporting the amount spent on the 10% Governor's Set-aside Program, which resulted in questioned costs of \$148,414. In November 2001, the Idaho Department of Labor identified and corrected the errors that cause the questioned costs. The U.S. Department of Labor did not require any funds to be reimbursed. **CLOSED.**

The fiscal year 2000 finding and recommendation dealt with the Workforce Development Training Program's financial information. The financial information presented to the Senate Commerce and Human Resource Committee contained errors and was potentially misleading. The Department resolved this issue by giving the Committee corrected financial information and by developing review procedures to ensure the reports are accurate prior to distribution. **CLOSED.**

AGENCY RESPONSE. The Department has reviewed the report and is in general agreement with its contents.

FINANCIAL SUMMARY. The procedures completed and described above help us express our opinion on the fairness of presentation of the *Statewide Comprehensive Annual Financial Report (CAFR)*. Although no opinion is given on the financial data presented in this report, one is given on all State funds in the *CAFR*, including the financial data presented here.

The Department fulfills its legal and administrative duties with funds received primarily from unemployment taxes collected from State employers and several federal grants. In fiscal year 2003, the Department received approximately \$112 million in unemployment taxes, \$48 million in federal grants, \$219 million from the Federal Unemployment Trust Fund, and \$67 million from all other receipts. Total costs for fiscal year 2003 included approximately \$31 million in personnel costs, \$12 million in operating costs, \$3 million in capital outlay, and more than \$244 million in trustee and benefit payments, mainly for unemployment benefits and federal grant employment funds. \$220 million was disbursed from the Unemployment Insurance (UI) Special Benefit Payment Fund (Fund 0514.31) to the checking account (Fund 0514.32) to cover unemployment checks that cleared the bank. A cash basis summary of the Department's financial activity follows. (A description of each fund is included in the appendix of the report.)

IDAHO DEPARTMENT OF LABOR – FINANCIAL SUMMARY

FISCAL YEAR 2001

	Beginning Cash Balance/ Appropriation July 1, 2000	Receipts	Transfers In	Disbursements	Transfers Out	Ending Cash Balance/ Appropriation June 30, 2001
ADMINISTRATIVE FUNDS						
General (Fund 0001)	\$433,500	\$0	\$0	\$423,685	\$0	\$9,815
Unemployment Penalty and Interest (Fund 0302)	1,358,906	8,561	1,818,009	2,603,722	0	581,754
Employment Security Special Admin (Fund 0303)	5,515,255	4,270,587	0	6,032,737	0	3,753,105
Workforce Development Training Program (Fund 0349)	9,608,972	615,355	2,836,230	1,647,285	3,179	11,410,093
Miscellaneous Revenue (Fund 0349)	576,080	3,121,056	4,329	3,596,608	883	103,974
Total Administrative Funds	\$17,492,713	\$8,015,559	\$4,658,568	\$14,304,037	\$4,062	\$15,858,741
FEDERAL GRANT FUNDS						
Federal (Fund 0348)	(512,786)	40,619,406	0	38,698,295	3,312	1,405,013
TRUST FUNDS						
Unemployment Insurance Clearing (Fund 0514.01)	26,462	102,832,751	294,701	33,499	103,091,643	28,772
Unemployment Trust (Fund 0514.02)	255,800,361	18,208,676	93,702,290	3,024,700	120,221,479	244,465,148
Employment Security Reserve (Fund 0514.03)*	68,766,807	74,579,457	4,846,324	75,098,596	2,938	73,091,054
Unemployment Insurance Refund (Fund 0514.04)	24,716	0	1,297,085	998,472	323,329	0
UI Special Benefit Payment (Fund 0514.31)	979,889	9,197,041	117,037,944	124,083,408	1,369,480	1,761,986
Benefit Payment (Fund 0514.32)	(949,966)	124,233,724	0	124,670,518	0	(1,386,760)
Benefit Payment Correction (Fund 0514.33)	8,033	9,121	0	1,959	0	15,195
Labor, Wage, and Hour Claims (Fund 0575)	14,691	83,801	943	87,655	1,016	10,764
Labor, Wage, and Hour Escrow (Fund 0577)	554	3,233	0	0	0	3,787
Total Trust Funds	\$324,671,549	\$329,147,804	\$217,179,287	\$327,998,807	\$225,009,885	\$319,989,946
TOTAL ALL FUNDS	\$341,651,474	\$377,782,769	\$221,837,855	\$381,001,139	\$225,017,259	\$335,253,700

FISCAL YEAR 2002

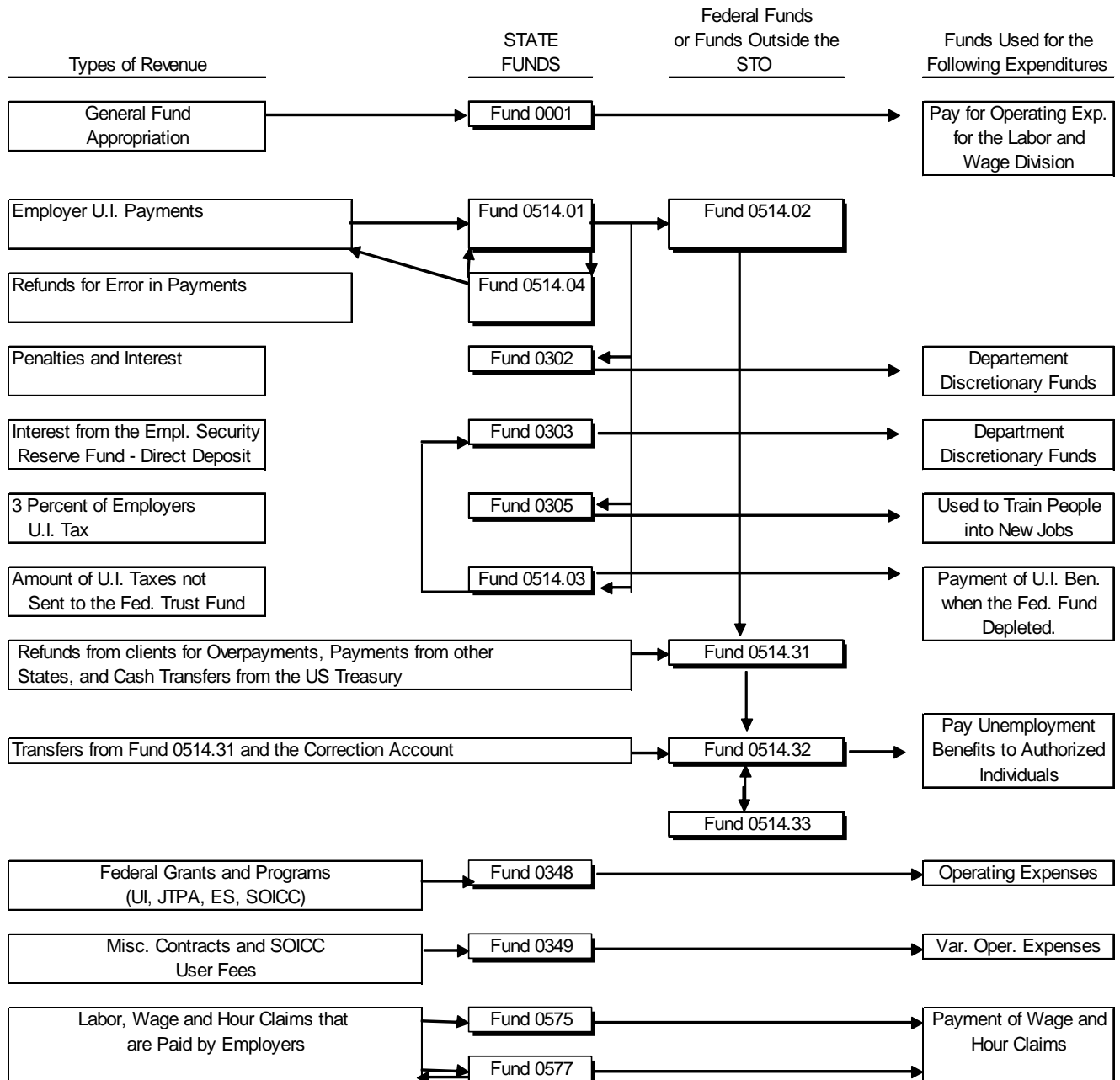
	Beginning Cash Balance/ Appropriation July 1, 2001	Receipts	Transfers In	Disbursements	Transfers Out	Ending Cash Balance/ Appropriation June 30, 2002
ADMINISTRATIVE FUNDS						
General (Fund 0001)	\$567,800	\$0	\$0	\$471,032	\$88,651	\$8,117
Unemployment Penalty and Interest (Fund 0302)	581,754	42,615	485,666	213,633	23,125	873,277
Employment Security Special Admin (Fund 0303)	3,753,105	5,477,279	747,000	486,622	4,172,141	5,318,621
Workforce Development Training Program (Fund	11,410,093	555,150	2,893,535	2,467,341	1,072,520	11,318,917
Miscellaneous Revenue (Fund 0349)	103,974	2,748,705	7,019,165	2,640,710	13,823	7,217,311
Total Administrative Funds	\$16,416,726	\$8,823,749	\$11,145,366	\$6,279,338	\$5,370,260	\$24,736,243
FEDERAL GRANT FUNDS						
Federal (Fund 0348)	1,405,013	43,457,907	5,373,332	49,051,095	804,262	380,895
TRUST FUNDS						
Unemployment Insurance Clearing (Fund 0514.01)	28,772	105,521,893	447,001	263	105,975,747	21,656
Unemployment Trust (Fund 0514.02)	244,465,148	48,396,713	89,732,128	4,508,190	181,922,002	196,163,797
Employment Security Reserve (Fund 0514.03)*	73,091,054	13,443,116	11,608,237	12,000,000	161,038	85,981,369
Unemployment Insurance Refund (Fund 0514.04)	0	0	1,284,960	1,011,392	273,567	1
UI Special Benefit Payment (Fund 0514.31)	1,761,986	23,064,352	181,922,128	197,256,246	7,002,030	2,490,190
Benefit Payment (Fund 0514.32)	(1,386,760)	197,267,356	0	198,313,611	0	(2,433,015)
Benefit Payment Correction (Fund 0514.33)	15,195	10,263	0	5,681	0	19,777
Labor, Wage, and Hour Claims (Fund 0575)	10,764	89,767	412	87,339	527	13,077
Labor, Wage, and Hour Escrow (Fund 0577)	3,787	7,681	0	2,235	0	9,233
Total Trust Funds	\$317,989,946	\$387,801,141	\$284,994,866	\$413,184,957	\$295,334,911	\$282,266,085
TOTAL ALL FUNDS	\$335,811,685	\$440,082,797	\$301,513,564	\$468,515,390	\$301,509,433	\$307,383,223

FISCAL YEAR 2003

	Beginning Cash Balance/ Appropriation July 1, 2002	Receipts	Transfers In	Disbursements	Transfers Out	Ending Cash Balance/ Appropriation June 30, 2003
ADMINISTRATIVE FUNDS						
General (Fund 0001)	\$527,100	\$0	\$81	\$527,087	\$0	\$94
Unemployment Penalty and Interest (Fund 0302)	873,277	38,222	583,694	925,140	0	570,053
Employment Security Special Admin (Fund 0303)	5,318,621	4,508,546	66,636	2,485,229	12,948	7,395,626
Workforce Development Training Program (Fund	11,318,917	415,060	3,061,562	5,237,750	0	9,557,789
Miscellaneous Revenue (Fund 0349)	7,217,311	2,399,403	6,824	5,534,845	568,833	3,519,860
Total Administrative Funds	\$25,255,226	\$7,361,231	\$3,718,797	\$14,710,051	\$581,781	\$21,043,422
FEDERAL GRANT FUNDS						
Federal (Fund 0348)	380,895	48,325,450	580,098	50,050,094	86,338	(849,989)
TRUST FUNDS						
Unemployment Insurance Clearing (Fund 0514.01)	21,656	112,267,525	240,657	645	112,496,881	32,312
Unemployment Trust (Fund 0514.02)	196,163,797	12,249,071	107,441,128	5,165,756	174,122,000	136,566,240
Employment Security Reserve (Fund 0514.03)*	85,981,369	0	77,124	0	2,703	86,055,790
Unemployment Insurance Refund (Fund 0514.04)	1	0	1,355,694	1,119,082	236,529	84
UI Special Benefit Payment (Fund 0514.31)	2,490,190	46,620,598	174,122,000	220,085,681	0	3,147,107
Benefit Payment (Fund 0514.32)	(2,433,015)	220,081,777	0	219,178,310	0	(1,529,548)
Benefit Payment Correction (Fund 0514-33)	19,777	25,281	0	42,567	0	2,491
Labor, Wage, and Hour Claims (Fund 0575)	13,077	141,304	1,683	141,043	6,824	8,197
Labor, Wage, and Hour Escrow (Fund 0577)	9,233	(1,790)	0	7,314	0	129
Total Trust Funds	\$282,266,085	\$391,383,766	\$283,238,286	\$445,740,398	\$286,864,937	\$224,282,802
TOTAL ALL FUNDS	\$307,902,206	\$447,070,447	\$287,537,181	\$510,500,543	\$287,533,056	\$244,476,235

*The cash balance for the Employment Security Reserve Fund includes the amount separately invested by the State Treasurer's Office. At June 30, 2003, this amount totaled \$85,722,824.

FUND FLOW



This report is intended solely for the information and use of the Idaho Department of Labor and the Idaho Legislature and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the cooperation and assistance given us by the director, Roger Madsen, and his staff.

QUESTIONS CONCERNING THIS DOCUMENT SHOULD BE DIRECTED TO:

Ray Ineck, CGFM, Supervisor, Legislative Audits

Eugene Sparks, CPA, CGFM, Managing Auditor

Report IC24003/CA24003/SA24003

For a copy of the entire audit report , contact Legislative Services Office, Audit Division, State Capitol Building, 700 W. Jefferson Street, P.O. Box 83720, Boise, Idaho 83720-0054, or call 208-334-3540.